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Introduction

Bhagat & McQuaid (1982) advanced that “undoubtedly, the most significant cross-cultural study of work-related values is the one carried out by Hofstede”. There has been interests on the influence of culture be it national or corporate on organisations and with growing national diversity in today’s businesses, culture remains an important dimension. Hofstede’s landmark study of IBM (Hofstede 1980) has highlighted some essential facts about culture that impact on organisational performance. Preceding Hofstede’s study was the work of Bartels (1967) who was one of the first to relate the importance of culture, illustrating the concept in decision-making and business ethics. Bartels identified several criteria for the identification of cultural differences, including:

- Law;
- Respect for individuality;
- Nature of Power and Authority;
- Rights of Property;
- Concept of Deity;
- Relation of Individual to State;
- National Identity and Loyalty;
- Values, Customs and Mores.

National Culture and Corporate Culture have become important topics in business. Whilst Corporate Culture is an intangible concept, National Culture may be both tangible and intangible. National Culture refers to the general attitudes, belief systems, values, and traditions, particular to a nation. On the other hand, corporate culture is the pattern of arrangement, material or behaviour which has been adopted by a society (corporation, group, or team) as the accepted way of solving problems. (Ahmed et al., 1999). The way people do business, the way they do things and the things that are of value may vary across countries. As such, same organisations of different national origins may have to do things differently bearing in mind the culture of the nation or origin within which they operate. This certainly impacts on policies, communication strategies, organisational structure, human resources, recruitment and retention. Organisations particularly multinational companies can therefore no longer afford not to

consider the national origins of countries where they operate and the degree to which the national cultures of these origins affect organisational culture when doing business.

What is Culture?

Hofstede (1980) defines culture as a collective programming of the mind which distinguishes one group from another. He also later stated that culture entails mental programming ... patterns of thinking and feeling and potential acting (Hofstede 1991). A key term in these definitions is the word 'programming'. Jones & Alony (2007) suggest that culture is not something that is easily acquired it is a slow process of growing into a society. It includes:

- learning values (dominant beliefs and attitudes),
- partaking of rituals (collective activities),
- modelling against heroes (role models), and
- understanding symbols (myths, legends, dress, jargon, etc)

Hofstede's Study

Hofstede's gargantuan research effort commencing in 1980 is the most celebrated of its

kind (Bond 2002; Hofstede 1997). The study comprised 116,000 questionnaires, from which over 60,000 people responded from over 50 countries. Hofstede worked with IBM (at the time identified as Hermes) staff over the years 1967 to 1978 to obtain this research. From the data he obtained he provided a factor analysis of 32 questions in 40 countries. From this he identified four bipolar dimensions (Power Distance; Individualism/Collectivism; Uncertainty Avoidance; Masculinity/Femininity), which became the basis of his characterisations of culture for each country (d'Iribarne 1996; Dorfman & Howell 1988; Hofstede 1980; Schneider & Barsoux 1997).

A subsequent study conducted by Hofstede and Bond (Hofstede. 1991; Hofstede & Bond 1984, 1988) introduced a fifth element 'Confucian Dynamism' or 'Long/Short Term Orientation', which was an attempt to fit the uncertainty avoidance dimension into the Asian culture. Hofstede's research has had a remarkable effect on academics and practitioners alike. Hofstede's model has been instrumental in the implementation of many business systems, including: compensation practices; budget control practices; entrepreneurial behaviour; training design; conflict resolution; workgroup dynamics and performance; innovation; leadership styles; management control systems; participative management (Michael, 1997; Smith, 1998), and of course many other cross-cultural issues. Culture has been defined in numerous ways (Bhagat and McQuaid 1982, Smircich 1983, Trice and Beyer 1984). Adler and Jelinek (1986) suggested that "culture, whether organisational or national, is frequently defined as a set of taken-for-granted assumptions, expectations or rules for being in the world," and that "the culture concept emphasises the shared cognitive approaches to reality that distinguish a given group from others." Most authors, however, defined one level of culture. Thus, Hofstede (1980) defined national culture as the collective programming of the human mind; while students of corporate culture (e.g. Schein 1985, Weber 1988) defined it as the beliefs and values shared by senior managers regarding appropriate business practices.

Boyacigiller and Adler (1991) note that United States cultural values have imbued organisational

science with implicit, yet inappropriate universalism. As such, the emergence of the concept of corporate culture in the United States is not coincidental but rather a reflection of American culture and the limited awareness of its main champions of variations of national culture (Adler and Jelinek 1986). Yet, it seems futile to discuss cultural variations among organisations without taking into consideration the national culture within which such variations develop. As Schneider (1988) points out, Hofstede's (1980) findings show that even in a large multinational known for its strong corporate culture, national differences remain paramount. At best, an approach which focuses on corporate culture alone leads to the development of "uninational" theories which are of little use beyond US borders. At worst, studying corporate culture outside the context of national culture leads to the same fault directed against the national culture school, namely the treatment of culture as a residual variable, precluding a valid argument of causality.

The bodies of literature on national and corporate cultures, respectively, seem to exist in a state of splendid isolation. Roberts and Boyacigiller's (1983) observed on international management that "no investigation simultaneously embedded people into organisations and organisations into their environments" is still valid. While sharing some definitions and terms, authors on national and corporate cultures by and large refrain from stepping into each other's turf, thereby missing on obvious opportunities for cross-fertilization (Schneider 1988). In an attempt to connect between the two levels, Laurent (1986) proposes that corporate culture can modify the first two levels in Schein's (1985) model, namely (a) behavior and artifacts and (b) beliefs and values, but is not capable of affecting the third, deeper level of underlying assumptions which is derived from one's national culture. Earlier, Laurent (1983) found that national differences in beliefs regarding organisational practices were considerably greater in a single multinational firm than in multi-company samples, leading Schneider (1988) to suggest a paradox that national culture may play a stronger role in the face of a strong corporate culture. The pressures to conform may create the need to reassert autonomy and identity, creating a national mosaic rather than a melting pot.

Hofstede et al. (1990) suggested that while national culture forms one's values through early socialisation, corporate culture involves the subsequent acquisition of organisational practices and symbols in the firm. Thus, the authors found considerable differences in practices among people holding similar values, and proposed that national and corporate cultures are distinctive, if related, constructs.

Corporate culture

Corporate culture is heavily influenced by factors such as the industry in which the company operates, its geographic location, events that have occurred during its history, the personalities of its employees, and their patterns of interaction. Some of the formal definitions offered include "a cognitive framework consisting of attitudes, values, behavioural norms, and expectations" (Greenberg and Baron, 1997), "the collective thoughts, habits, attitudes, feelings, and patterns of behaviour" (Clemente and Greenspan, 1999), and "the pattern of arrangement, material or behaviour which has been adopted by a society (corporation, group, or team) as the accepted way of solving problems" (Ahmed et al., 1999). In more useful terms, a positive corporate culture typically encompasses several key elements. It is fostered not merely by a mission statement, but by a clear corporate vision, which is a mental picture of the company's desired future (Qubein, 1999). Corporate visions are most effective when clearly communicated by top organisational leaders who exhibit strong values and have dynamic, charismatic

personalities (Greenberg and Baron, 1997). In addition positive corporate culture is supported by corporate values that are consistent with the purpose of the company and aligned with the personal values of organisational members (Qubein, 1999). Furthermore organisations with positive corporate culture highly value employees at all levels of the organisation (they are often referred to as “associates” or “team members”), and there is extensive employee interaction both within and across functional departments (Clemente and Greenspan, 1999). Another mark of organisations with positive corporate cultures is their ability to adapt and adjust quickly in response to external conditions and is consistent, treating all employees equally and fairly (Ahmed et al., 1999). Corporate culture is also perpetuated in some way, perhaps through tangible symbols, slogans, stories, or ceremonies that highlight corporate values (Greenberg and Baron, 1997).

National Culture

Hofstede (1980) postulated that a national culture can be defined in five dimensions of (i) power distance, (ii) individualism, (iii) masculinity, (iv) uncertainty avoidance, and (v) long-term orientation. These dimensions as explained below form the foundation to the discussion on the impact of national culture on corporate cultures: According to Hofstede:

- (i) *Power distance* measures the degree to which a less powerful member accepts inequality in power and considers it more normal. However, the degree of inequality tolerated among members varies from one culture to another. In a society with high power distance, less powerful members can better tolerate issues associated with inequality than those who have more power. At the same time, power distance also measures the degree to which members seek guidance from their superiors. In a high power distance society, members seek more guidance and direction from their superiors.
- (ii) *Individualism* measures the main interest to which a member is primarily looking after. In a high individualistic society, members mainly look after their own and their immediate family members' interests. On the contrary, more interest is assumed for the group made up of members in a collectivistic (low individualistic) society. At the same time, members from a collectivistic society seek more loyalty and favour in return from the group.
- (iii) *Masculinity* measures the degree of difference in the social role between different genders. In a high masculine society, female members tend to care for the non-materialistic needs, while male members are expected to obtain materialistic needs. Collectivistic societies tend to have more masculinity present, in which the differences in social role in gender are more distinctive.
- (iv) *Uncertainty avoidance* measures the extent to which members are made uneasy when faced with situations that are unstructured, unclear, or unpredictable. A society with high uncertainty avoidance tends to be more security-seeking, intolerant to changes, and less aggressive. Conversely, a society with low uncertainty avoidance tends to be more risk taking, more tolerant to changes, and more aggressive.
- (v) *Long-term orientation* measures the degree to which members embrace planning and investing for the future. This dimension indicates a society's time perspective and an attitude of persevering; that is, overcoming obstacles with time, if not with will and strength. In a society with

long-term orientation, traditions are valued and making changes can be more difficult.

The Impact of National Cultures on Corporate Cultures in Organisations

In addressing the impact of national cultures on corporate cultures, the discussions have been guided by Hofstede's five dimensions of national culture discussed earlier and this goes as follows:

Power Distance measures the degree to which members seek guidance from their superiors. It indicates the need for dependence versus independence in a society. Members in a low power distance organisation tend to believe all members are independent, and all members should have equal rights (Hofstede, 2001). All employees co-operate with their supervisors and decision making is collective. In such organisations, work is mostly done in teams so as to enable everyone feel important. Also, employees are motivated to work better as they feel that they play an important role in the organisation and they experience a strong sense of togetherness. Some organisations even go to the extent of making employees purchase shares in the organisation which makes them part owners. The opposite is true of high power distance organisations, where members tolerate inequality better, but seek more guidance from their superiors. In a high power distance organisation, information is downward flowing; from superiors to subordinates. Communication is mostly one sided and not a two way affair. Furthermore, communications are likely to be through the command chain rather than direct. The top level managers do not seek the opinions of subordinates before making decisions and little attention is given to feedback. Managers from high power distance culture can tolerate power inequality better – hence they are more inclined to follow orders from the top management. Managers take orders from top management and pass them on to their subordinates who follow through without questioning authority. Countries like Malaysia rank low on Hofstede's scale showing that they hold large distances between ranks in organisations whilst other countries like Israel are at the other end of Hofstede's scale, meaning that Israelis are very egalitarian, a worker can generally approach his or her boss and vice versa (Newman, 1996; Redpath, 1997; Schneider and Barsoux, 1997).

In addition, Power Distance (PD) has also been found to affect the design of websites and user interface (UI). Marcus and Gould (2000) show a website of a university in Malaysia (high PD) presents and focuses on power symbols, whereas an equivalent website of a Dutch university (low PD) focuses on the students and displays the ways with which they are empowered. For example, it offers a virtual tour on campus using a Webcam.

Individualism stands for a society where strong ties between individuals are not emphasised. People are generally expected to look after their interest and that of their families only (Hofstede, 2001). People in a high individualistic culture embrace such characteristics as self-started activities and emphasis on initiatives. In a high individualistic organisations team building is stifled. More emphasis is placed on individual achievement and individual initiatives are rather rewarded with often not much emphasis on team work. Total Quality Management (TQM) calls for more routines and standardisation, while emphasising group based efforts. This suggests that members in organisations that are high in individualism are likely to be less favourable of implementing TQM elements. An individualistic organisation is more prone to focus on visible tasks with results, rather than considering the potential impact of resulting organisational chemistry and harmony. Consequently, individualism significantly impacts on "business performance." Office layout for such organisations may be more favourable towards creating individual cubicles rather than adopting an open space layout. Nations like USA measure highly on this scale, that is, they prefer singular achievement. This comes from a cultural

upbringing that expects people to be independent at a very early age. On the other hand, organisations with low individualism (where collectivism is encouraged) tend to achieve a high TQM as team/group work is highly encouraged. Countries like Guatemala, ranks the highest, meaning that they work in groups and ascribe performance as a cooperative achievement. The lifestyle of a Guatemalan is likely to be based around close family ties with strong community support (Redpath, 1997; Schneider & Barsoux, 1997; Smith, 1998).

Feminity and Masculinity describes the duality of genders, which imply the differences in behaviors, such as emotional and social roles (Hofstede, 2001). It depicts the degree to which masculine traits like authority, assertiveness, performance and success are preferred to female characteristics like personal relationships, quality of life, service and welfare. Highly masculine culture emphasises assertiveness and decisiveness. More attention is given to task rather than individuals. Masculinity may be negatively related to employees' relationships since too much assertiveness may cause more conflicts among employees. Managers who are decisive tend to be more focused on a single issue and give more attention to the final results (Brousseau et al., 2006). In other words, managers from masculine culture are result-oriented and value and see work outcomes as the most important. Countries like Japan rank the lowest on Hofstede's scale suggesting that they are highly "masculine" oriented. Japanese workplaces are also likely to be autocratic. At the other extreme, Hofstede found that people from Sweden and Norway show more empathy for their fellow workers and are likely to spend time on relationships and personal ties (Schneider & Barsoux, 1997; Smith, 1998). Organisations in countries like Sweden and Norway though value work positive outcomes and value results the approach to getting these results are based on encouraging and engendering commitment through friendly work environments.

Uncertainty avoidance refers to the extent to which members within a society are made uneasy when faced with uncertainties. It refers to the way that people deal with the future, whether they have inherent control, or whether events are beyond their control. Members in low uncertainty avoidance organisation exhibit behaviours such as more tolerance for ambiguity in structure, more tolerance for deviant persons and ideas, welcome and encourage innovation, and less formalisation and standardisation (Hofstede, 2001). Managers with high uncertainty avoidance culture favour routines and prefer to avoid uncertainties in their decision making processes. They also prefer having clear rules and guidance. Furthermore, they are motivated by having legitimate procedures and protocols and are proponents of human resource-related issues such as training and empowerment. Steensma, Marino, Weaver, and Dickson (2000) found Uncertainty Avoidance plays a role in how small firms form technology alliances. Small companies deal with two types of uncertainty: relational uncertainty, derived from the risk of partnering, and technological uncertainty, derived from the risks involved in technology itself. Steensma et al. (2000) found that firms with high Uncertainty Avoidance are more likely to pursue technology alliances to avoid uncertainty. Firms with low Uncertainty Avoidance ("uncertainty-tolerant") were more likely to address the risks of uncertainty without the formation of a technological alliance.

Long-term orientation measures the degree to which a society embraces long-term devotion (Hofstede, 2001). Long-term oriented culture values respect for tradition and making changes may face more challenges and take longer to implement. The impact of this national culture on an organisation's corporate culture is that the organisation is likely to set more long-term goals. Should economic and other external conditions require a change in the goals of such organisation, the organisation would encounter more difficulty in adjusting to dictating conditions. In a culture underlining long-term

orientation, Total Quality Management implementation can be initially denied due to its resistance to change. However, it will be adopted and propagated once the employees realise the positive outcomes it can bring for many years to follow.

Conclusion

With Hofstede work on national culture being the main focus of discussions of its impact on corporate cultures has demonstrated that no longer can organisations ignore the impact of national cultures on organisations corporate cultures particularly for multi-national businesses. It is clear in today's globally competitive business environment that the promulgation of positive corporate cultures and effective and strategic merging of national cultures into corporate culture is critical to performance and positive business outcomes. Furthermore, positive corporate culture no longer offers only a competitive advantage but critical and a prerequisite to the success of firms. In addition, organisations that have been able to blend positive elements of national cultures with corporate cultures well are considered part and parcel of the environment within which they operate and the inhabitants of such places including workers identify themselves with the organisation. It is worth mentioning that organisations stand to gain more when corporate cultures are shaped in ways that incorporates the positive elements of the national cultures within which they operate. In the light of this, organisations needs to accommodate the cultural variances that exist around the world or in the country where they are located to provide a more homogenous corporate culture and this can only be to their advantage.

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